

Management District Plan
FOR THE
Renewal
OF THE
WESTCHESTER TOWN CENTER
PROPERTY BUSINESS IMPROVEMENT
DISTRICT

*Prepared April 2011 pursuant to the State of California
Property and Business Improvement District Law of 1994
to Renew a
Management District in the Westchester Town Center area, a community within the
City of Los Angeles
by the
Westchester Business Improvement Association
and*

Duckworth Consulting, Its Consultants

**“Westchester Town Center”
Property Business Improvement District
Management District Plan**

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I. OVERVIEW OF THE WESTCHESTER TOWN CENTER PROPERTY BUSINESS IMPROVEMENT DISTRICT

Introduction: A growing coalition of property and business owners, and members of the community, are proposing renewal of the Westchester Town Center Property Business Improvement District (hereinafter “District”) pursuant to the Property and Business Improvement District Law of 1994 (Streets & Highways Code Section 36600 *et seq.*; hereinafter the “State Law”). This document is the Management District Plan required by Section 36622 of the State Law. It proposes improvements, activities, and services that revitalize and enhance the area and convey special benefits to properties located within the boundaries of the Westchester Town Center District.

Name: “Westchester Town Center Property Business Improvement District.”

Location: The proposed District is located in the Westchester community, a commercial district in the City of Los Angeles that is centered along Sepulveda Boulevard between Los Angeles International Airport and just north of Manchester Boulevard. From Manchester Boulevard, the east boundary runs generally along Sepulveda Eastway and La Tijera Boulevard to Sepulveda Boulevard. From Sepulveda Boulevard, the south boundary runs generally along the south parcel lines of parcels APN 4122-024-918 (the open or green space on 92nd Street) and APN 4122-023-917 (vacant airport land) to Westchester Parkway. From Westchester Parkway, the west boundary runs generally along La Tijera Boulevard to Sepulveda Westway to Manchester Avenue. Refer to the boundary description and map in the “Boundaries / Maps” section of this document for a more complete description of the District’s boundaries.

History: The Westchester Town Center Business Improvement District was originally created in 2007 by Ordinance No. 178878 of the Los Angeles City Council. This renewal will extend the life of the District by ten years and will add ten parcels to the boundaries of the District.

Services: The proposed District will fund improvements, activities, and services authorized under the State Law. Specifically, the District will provide improvements, activities, and services in the following program areas: (i) ambassador services; (ii) landscape maintenance, sanitation and beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration.

The purpose of all improvements, activities, and services described in this Management District Plan is to specially and individually benefit property in the District. No improvements, activities, or services will be provided outside District boundaries.

See the “Service Plan / Budget” section of this document for a more specific description of the improvements, activities, and services planned for the District.

Method of Financing: The improvements, activities, and services will be funded through a benefit assessment against real property in the District. The assessment

formula has been designed to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that parcel derives from the improvements, activities, and services provided by the District. Generally, each parcel fronting on Sepulveda Boulevard will be assessed \$0.0612 per square foot of lot size, \$0.0900 per square foot of improvement size, and \$7.5742 per linear foot of street frontage; and, each parcel fronting on any other street will be assessed \$0.0306 per square foot of lot size, \$0.0450 per square foot of improvement size, and \$3.7871 per linear foot of street frontage. Because open space, parcels used for long term airport parking, vacant fenced lots, and multifamily residential parcels benefit from the District's improvements, activities, and services in a demonstrably different manner than other parcels in the District, they are assessed at a different rate. Also, street frontage located on Lincoln Boulevard or west of Sepulveda Westway (aside from that actually located on Sepulveda Westway) will not be counted as frontage for the purpose of this formula. The assessments against these parcels are described in Section IV of this Plan.

Assessments will be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles.

District assessments may be adjusted annually to reflect inflation at a rate not to exceed three percent (3%). In conjunction with required annual proceedings, the Owner's Association will notify the City of Los Angeles of any proposed inflationary adjustment.

During the ten-year renewal term of the District, it is likely that the improvements on some parcels in the District will change. The assessment against each parcel for any year will be based on the improvements actually present on the parcel as of the beginning of that year. Pursuant to Government Code Section 53750(h)(3), a change in the assessment against a parcel that results solely from changes to the parcel does not constitute an assessment "increase" requiring the conduct of a new Proposition 218 ballot proceeding.

Please see the "Assessment Formula" section of this document for additional details.

Budget: The proposed District budget is included in the "Service Plan" section of this document.

Bonds: The District will not issue bonds.

City Services: The base line services of the City of Los Angeles are not affected by the District's improvements, activities and services, which are only supplemental in nature to those services. The Westchester Town Center is being established to provide enhanced or otherwise unavailable improvements, activities, and services to each individually assessed parcel within the boundaries of the District.

Duration: As required by State Law, the District will have a set term. The District's term will be January 1, 2012 through December 31, 2021. At the end of this period, the District may be renewed as permitted by law.

II. BUSINESS IMPROVEMENT DISTRICT BOUNDARIES

The Westchester Town Center Property Business Improvement District is centered along Sepulveda Boulevard. The boundaries of the District are shown on the map that follows this Section of this Plan. A list of the Los Angeles County Assessor's Parcel Numbers of each included parcel is provided in Appendix 1 of the document. Additional information regarding these boundaries, and a database of each included parcel, is provided in the Engineer's Report for the District, which is incorporated herein by reference, and included as Appendix 2 of this document. As a supplement to the referenced District map, the boundaries of the proposed District are described below.

Northern Boundary:

- The northern boundary of the District to the east of Sepulveda Boulevard begins at the intersection of the centerline of Sepulveda Boulevard with the north boundary of parcel 4107-035-017 (the parcel at the northeast corner of Sepulveda Boulevard and Manchester Avenue). From that point, the boundary follows the northern boundaries of parcels 4107-035-017 and 4107-035-018 (which together contain a medical office building) and continues south along the eastern boundary of parcels 4107-035-018 and 4107-035-017 to the centerline of Manchester Avenue. The boundary then continues east along the centerline of Manchester Avenue to the centerline of La Tijera Boulevard. This boundary was selected to include the medical office building at the Northeast corner of Sepulveda Boulevard and Manchester Avenue as well as the commercial parcels on the South side of Manchester Avenue. Parcel 4107-035-018, is residentially zoned and is presumed by State Law to not specially benefit from District improvements, activities, and services; and, is not located on a street that receives District services; but, is included within the District and not assessed because it is a part of the medical building development and not practically divisible from it. Except for service station located at the northwest corner of Manchester Avenue and La Tijera Boulevard at the eastern edge of this boundary parcels to the North of this boundary are all residential. The parcels comprising the service station were not included in the District because they are not a part of the pedestrian oriented shopping district, would not benefit from District improvements, activities, and services, and are best understood as drawing customers from the Manchester Avenue and La Tijera Boulevard arterials extending out from the District. In contrast, the auto related services uses located on parcels 4123-004-002, -010, and -011 will specially and individually benefit from District improvements, activities, and services because they are contiguous to the other District parcels receiving those services, not separated by a major collector street from them, and share parking facilities used by patrons and employees of other District parcels. Ambassador, maintenance, and marketing & promotions services directly specially and individually benefit these parcels because of their close proximity other District parcels receiving special and individual benefits from them. An R2 zoned church is located on the northeast corner of Manchester Avenue and La Tijera Boulevard is likewise not a part of the pedestrian oriented shopping district;

being across the street from the two arterial auto uses and immediately adjacent to residential uses. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

- The northern boundary of the District to the west of Sepulveda Boulevard begins at the intersection of the centerline of Sepulveda Boulevard and the north boundary of parcel 4108-019-029. From that point the boundary extends west to the western boundary of parcel 4108-019-029 and then south along the western boundary of that parcel to the centerline of Manchester Avenue. The boundary then continues east along the center line of Manchester Avenue to centerline of Sepulveda Westway. These auto service related use parcels differ from others that are not included in the District because of their Sepulveda Boulevard location, which makes them a part of the pedestrian corridor that benefits from District improvements, activities, and services. This boundary was selected to include commercial uses located at the northwest corner of Sepulveda Boulevard and Manchester Avenue as wells as the commercial parcels on the South side of Manchester Avenue. Parcels to the North of this boundary are all in residential use and zoned solely residential and are presumed by State Law to not specially benefit from District improvements, activities, and programs.and are therefore not included in the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Eastern Boundary:

- The eastern boundary of the District begins at the intersection of the centerlines of Manchester Avenue and La Tijera Boulevard, extends southwest along the centerline of La Tijera Boulevard to its intersection with the northeast boundary of parcel 4123-006-025, then continues southeast along that parcel boundary, then generally south along the east boundary of that same parcel, then along the east boundary of parcel 4123-006-012, then along the east boundary of parcel 4123-006-026, then to the centerline of Westchester Parkway, then east along that centerline to its point of intersection with the east boundary of parcel 4124-002-916, then south along the eastern boundary of parcel 4124-002-916 to that parcel's southern boundary. This boundary was selected to include the commercial uses on the west side of La Tijera Boulevard, as well as the commercial, multifamily housing, and community uses on the east side of Sepulveda Eastway directly facing the core of the District. North of Westchester Parkway, the parcels to the East of this boundary (aside from an office building located on the South side of La Tijera Boulevard immediately north of Bleriot Avenue) are single family homes on parcels zoned solely for residential use. Such parcels are presumed by State Law to not specially benefit from District improvements, activities, and services.and are therefore not included in the District. The office

building on La Tijera Boulevard immediately north of Bleriot Avenue (parcel was excluded because it is closely associated with (and shares vehicular access and parking lots with) the vehicular-oriented uses along Manchester Avenue outside of the District. By contrast, the parcels along the east side of Sepulveda Eastway directly face the retail and parking at the core of the District and will specially and individually benefit from the ambassador; landscape maintenance, sanitation, and beautification; marketing and promotions; new business attraction; and, the policy development, management, and administration services provided by the District South of Westchester Parkway, the parcels to the east of the District's boundaries are surface airport parking lots that do not face any area where services will be provided by the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services of the District. No improvements, activities, or services will be provided outside of the District's boundaries.

Southern Boundary:

- The southern boundary of the District runs from the southeast corner of parcel 4124-002-916 west along the southern boundary of that parcel and extends west along the south boundaries of parcels 4122-024-918 and 4122-023-917 to the centerline of Westchester Parkway at its point of intersection with the centerline of McConnell Avenue. This boundary was chosen to include parcels 4124-002-916 and 4122-023-917 (both of which are fenced vacant parcels, which could be used for parking, that are owned by the airport and front against areas that will be maintained and patrolled by the District) and parcel 4122-024-918 (airport open space that faces the core of the District and is used by customers, employees, visitors, property owners, and tenants of the District). Parcels to the south of these boundaries are airport parcels that do not face any area where services will be provided by the District. All assessed parcels located within the District will specially and individually benefit from its improvements, activities, and services. No improvements, activities, or services will be provided outside of the District's boundaries.

Western Boundary:

- The western boundary of the District continues at the intersection of the centerlines of McConnell Avenue and Westchester Parkway and continues along the centerline of Westchester Parkway northeast to its intersection with the centerline of La Tijera Boulevard, then continues northeast along that centerline to its point of intersection with the centerline of Sepulveda Westway, then north along the centerline of Sepulveda Westway to its point of intersection with the centerline of Manchester Avenue. This boundary was selected to include the commercial parcels to the east of Sepulveda Westway, as well as parcel 4122-022-928 (a fenced vacant parcel that is owned by the airport and fronts against an area that will be maintained and patrolled by the District). Parcel 4122-022-928, like parcel 4122-023-917 to the south, are master planned for development for mixed use commercial businesses and are contiguous with the Westchester Town Center pedestrian oriented commercial area.

South of 88th Street, parcels west of the boundary are airport parcels that do not face any area where services will be provided by the District, are not planned for pedestrian-oriented use, and are separated from the District's core by large undeveloped lots. North of 88th Street, parcels west of the boundary are residential parcels that are zoned solely for residential use and therefore presumed by State Law to not benefit from District improvements, activities, and programs and therefore excluded from the District. All assessed parcels located within the District will specially and individually benefit from the improvements, activities, and services of the District. No improvements, activities, or services will be provided outside of the District's boundaries.

Future District Annexation Area

The District may, during the life of this renewal, request that the City conduct proceedings to annex to the District certain landscaped parcels located along Sepulveda Boulevard to the north of the District's boundaries. Such annexation will require a separate assessment ballot proceeding.

*Insert Map of District Boundaries
(Showing New Parcel Additions w/ Cross-Hatched
Overlay)*

III. PROPOSED DISTRICT SERVICE PLAN / BUDGET 2012 - 2021

The District will provide the following improvements, activities, and services as consistent with the provisions of the State Law: (i) ambassador services; (ii) landscape maintenance, sanitation, and beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration. These services are described in greater detail below.

The District will operate on a fiscal year that begins on January 1 and ends on December 31 of each calendar year. In years in which annual District assessments do not fully fund all of its costs, funds from its contingency and cash flow reserves may be budgeted to close the gap. The contingency and cash flow reserve is a fund maintained to accommodate the timing lag between the time that the District incurs costs and the time that it receives funds. Also, the District may carry forward uncompleted projects or unexpended assessment revenues from prior fiscal years in order to most effectively and efficiently manage its operations. Carryover funds may also be re-budgeted for subsequent fiscal years for any District improvements, activities, and services described in this Plan. Accumulated interest or delinquent assessment payments may be expended for any of the improvements, activities, and services described in this Plan.

The Owners' Association will have the responsibility to enter contracts with service providers and consultants, hire staff, and manage the day-to-day affairs of the District. The Owner's Association will have the ability to make adjustments to the budget categories as dictated by the needs of the District and in accordance with the terms and conditions of the contract with the City of Los Angeles

Funds that have accrued through December 31, 2011 to the Westchester Town Center Business Improvement District will be used only to pay for one-time special expenses, capital improvements, or infrastructure repairs solely within the boundaries on the 2007–2011 District and not within the territory added to the District by this renewal.

Special Projects Account. During the term of this renewal, special projects may be undertaken by the District in order to achieve the purposes of this Plan if deemed feasible by the District's Owner's Association and permitted by State Law. Such projects could include, but are not limited to, public alley repaving, drainage improvements, parking lot maintenance services, and parking management or enforcement services. Generally, it is anticipated that funding for such special projects will come from sources other than the general assessments for District improvements, activities, and services as described in this Plan.

District Dissolution. In the event that the Westchester Town Center District ends either because it is not renewed in 2021 or as a result of the disestablishment process, then funds will be set aside from the District in its final year of operation to remove landscaping, equipment, street furniture, trash receptacles, and other District improvements and property for which a future caretaker would not exist. The purpose of this provision is to avoid the creation of future damage and maintenance liabilities in the public right of way. All remaining funds shall be returned to the existing parcel owners

as provided in State Law and the City's contract with the Owner's Association.

All of the improvements, activities, and services described below are provided only within the boundaries of the District and provide a special benefit to each individual property located within the proposed District. No improvements, activities, or services will be provided outside District boundaries. "Special benefit" is defined in the Finding 2 of the attached Engineer's Report. Consequently, any potential general benefits are intangible and not quantifiable.

The following are the key expenditure categories or program areas of the District service plan / budget:

A. AMBASSADOR SERVICES

The purpose of the Ambassador Services Program is to provide a readily identifiable, uniformed presence to assessed parcels that will observe and respond to situations in the vicinity of those parcels and their parking facilities. Ambassadors will enhance the appearance of safety and the comfort level of customers, employees, visitors, owners and tenants as they travel to and from assessed parcels.

Ambassadors may operate via vehicle, bicycle, or foot patrols as deemed appropriate by the Owner's Association. These personnel provide directions or assistance; serve as a liaison to the City's police, City Attorney, and other services; coordinate the provision of homeless services, warn and advise trespassers and panhandlers; and, respond to visitor inquiries. A business district that is comfortable for its customers and pedestrians will realize enhanced economic vitality, business growth, and tenant retention. Because the Sepulveda Boulevard core is more intensely trafficked by customers, employees, visitors, owners and tenants the Ambassadors will devote more of their service time to it than to the non-Sepulveda Boulevard areas. Ambassadors will be deployed at such times and in such a manner as the District deems most effective and efficient to achieving their purpose. This practice will allow for cost savings when service needs are not present. For the purpose of establishing a budget estimate, one eight-hour shift per day of a single unarmed contract ambassador has been projected.

The Westchester Town Center may also contract for the provision of services or the coordination of services for the homeless in order to achieve the Ambassador Program purposes. In the past, the District has contracted with a greater Los Angeles area non-profit organization, People Assisting the Homeless (PATH), to achieve this goal. For the purpose of establishing a budget estimate, the District's historical experience in providing such services has been projected. Homeless individuals tend to congregate more in the Sepulveda Boulevard core than the non-Sepulveda Boulevard areas; as a result this area will benefit more from the homeless services coordination expenditures than non-Sepulveda areas.

Ambassador Program services will specially and individually benefit each assessed parcel in the District because services will be provided immediately adjacent to each such parcel and in the parking areas serving each such parcel. No improvements, activities, or services will be provided outside of the District's boundaries. Furthermore, in order to focus services on the populated areas of the District, although services will be provided on both sides of Sepulveda Westway south of La Tijera, no services will be provided on Lincoln Boulevard or west of Sepulveda Westway.

B. LANDSCAPE MAINTENANCE, SANITATION, and BEAUTIFICATION

The purpose of the Landscape Maintenance, Sanitation, and Beautification Services Program is to maintain the sidewalks and landscaped public areas adjacent to each assessed parcel at a level of cleanliness and attractiveness higher than would exist with only baseline City services.

A high quality standard of operation, maintenance, cleanliness, and beauty will be established throughout the entire District. Because the Sepulveda Boulevard core differs from the non-Sepulveda areas because it is more intensely trafficked by customers, employees, visitors, owners and tenants; has more landscape area adjacent to it; has more street light banners; more maintenance, sanitation, and beautification services will be devoted to it than to the non-Sepulveda Boulevard areas. Also, there is more landscaping to be maintained adjacent to the Sepulveda Boulevard core and maintenance in this area will require more resources than the maintenance of the non-Sepulveda areas. A clean, well maintained and attractive business district enhances the quality of the shopping and business experience in the District and contributes to an improved business climate. Maintenance services may be provided by either staff working for the District or by contractor(s) to the District, or a combination of both. These activities may include, but are not necessarily limited to, the following: sidewalk sweeping; public alley sweeping; sidewalk pressure washing; graffiti removal; sticker removal; street litter pick-up; planting of new or replacement trees; and, irrigation, operation, and maintenance of landscaping, trees, public art, signage, lighting, and other improvements that may be installed by the District, the City, or other entities. For the purpose of establishing budget estimates, the District's historical experience in providing such services has been projected.

Monies may be set aside each year to pay for special capital improvements (e.g. palm tree lights, street furniture, etc.), streetscape repair, holiday decorations, Flight Path Plaques, or other similar improvements. These improvements will specially and individually benefit only the assessment paying parcels in the District by improving the area in a manner that attracts business and customers. These are improvements, activities, or services not otherwise provided by the City of Los Angeles.

The District Owner's Association will endeavor to obtain available public or private funding to leverage (or magnify) its assessment revenues for the installation of streetscape, landscape, sanitation, beautification, or other improvements, activities, or programs throughout the District. The District may provide funding for urban design, planning, economics, grant preparation, or other support services, or grant matching funds to accomplish such ends.

Landscape Maintenance, Sanitation, and Beautification Program services will specially and individually benefit each assessed parcel in the District because services will be provided immediately adjacent to each such parcel and in the parking areas serving each such parcel.. No improvements, activities, or services will be provided outside of the District's boundaries. Furthermore, although services will be provided on both sides of Sepulveda Westway south of La Tijera, no services will be provided on Lincoln Boulevard or west of Sepulveda Westway.

C. MARKETING AND PROMOTIONS

The purpose of the Marketing and Promotions Program is to promote the business activities and opportunities occurring on assessed parcels in the District.

Marketing, promotions, and public relations initiatives will disseminate information and awareness about Westchester Town Center's identity, brand, and business opportunities to convey a positive image to consumers, visitors, and investors. Such initiatives may include, but are not limited to, the following: street banners; holiday decorations; a website; a newsletter; special printing, graphics or advertising; public relations activities; special events or activities; placement of promotional materials in various media; creation and operation of "shop local" incentive programs; etc. The District may use any available effective media for these initiatives. Because businesses located in the Sepulveda Boulevard core are more intensely trafficked by customers, employees, and visitors, the District's marketing and promotions services will benefit them more than the non-Sepulveda Boulevard areas. Also, there are more street light pole banners and landscape lighting in the area adjacent to the Sepulveda Boulevard core than in the non-Sepulveda areas. At the same time, as noted elsewhere in this Plan and the Engineer's Report, airport open space and fenced vacant lots, which might be used for parking, will not benefit from these marketing and promotions services and will therefore not be assessed for them.

Marketing and Promotions Program services will specially and individually benefit each assessed parcel in the District because they will promote the business activities and opportunities occurring on these parcels. The District will not market or promote activities and opportunities outside of the District's boundaries.

D. NEW BUSINESS ATTRACTION

The purpose of the New Business Attraction Program is to attract businesses to assessed parcels in the District.

New business attraction efforts will provide growth in the number of businesses, increase the size of existing business, and present new opportunities for Westchester Town Center property and business owners. These efforts may focus on specific new businesses / tenants being recruited to the District or general future expansion that significantly affects the District, and may be undertaken by District employees or contractors. In the past the District sponsored an Urban Land Institute Technical Advisory Panel, the preparation of an economic analysis to identify future opportunities for the District, and outreach to LAWA to seek mutually acceptable common interests for the future. Because there are more available tenancies and more square feet of real estate improvements located in the Sepulveda Boulevard core area, these new business attraction services will serve that area more than non-Sepulveda areas. At the same time, as noted elsewhere in this Plan and the Engineer's Report, airport open space and fenced vacant lots, which might be used for parking, will not benefit from these new business attraction services and will therefore not be assessed for them.

New Business Attraction Program services will specially and individually benefit each assessed parcel in the District by attracting tenants to such parcels and helping to maintain a high occupancy rate in the District. No services will be provided outside of the District's boundaries.

E. POLICY DEVELOPMENT, DISTRICT MANAGEMENT, and ADMINISTRATION

The purpose of the Policy Development, Management, and Administration Program is to create a well managed District that optimizes the use of the assessment funds through effective vendor selection and contract management, excellent communications with stakeholders, effective advocacy on behalf of parcel owner interests, effective board and committee coordination, and sound fiscal management.

This budget category collects District costs for implementing the other identified direct services provided to District property and business owners. In addition to managing and administering all affairs of the Owner's Association and complying with all contractual obligations to the City for District operations, this program serves as a "voice" of the parcel owner community to the media and governmental policy makers. Development of policies that seek to promote Westchester Town Center business, and effective and efficient District management / administration are the products of these services. Such efforts may produce changes that enhance business at a number of levels: within the business improvement district organization; within other community based organizations;

at City Hall and its various departments; or at other levels of government.

The District will seek grant funding and non-assessment financial support through these services. It will also seek “co-partnerships” with governmental, non-profit, and private sector organizations through these services

The District will be managed / administered by a professional manager who may utilize administrative and technical support as needed that would be provided by this budget item. Positions that may be utilized by the District, include, but are not limited to, the following: an executive director, clerical assistance, field maintenance assistance, and an ambassador. These positions may be either District employees or contract service providers as determined to be the best interests of the District by the Owner’s Association.

Policy Development, Management, and Administration Program serves to implement all other District improvements, activities, and services. As described above these improvements, activities, and services provide more benefit to the Sepulveda Boulevard core area than to non-Sepulveda Boulevard areas. Consequently, the Policy Development, Management, and Administration Program will reflect the same relationship.

Policy Development, District Management, and Administration services will specially and individually benefit each assessment-paying parcel located within the District. No improvements, activities, or services will be provided outside of the District’s boundaries..

F. OFFICE, INSURANCE, ACCOUNTING, and OTHER

The purpose of the Office, Insurance, Accounting, and Other budget item is to fund the various administrative costs associated with providing the District’s services to assessed parcels.

Various District office supply, material, insurance, accounting, bookkeeping, service, rental, telephone, meeting expense, database, computer, furnishing, equipment, and other necessary expenses are included in this budget category.

Office, Insurance, Accounting, and Other serves to implement all other District improvements, activities, and services. As described above these improvements, activities, and services provide more benefit to the Sepulveda Boulevard core area than to non-Sepulveda Boulevard areas. Consequently, the Policy Development, Management, and Administration Program will reflect the same relationship

Office, Insurance, Accounting, and Other expenses are incurred only when associated with the provision of improvements, activities, and services that specially and individually benefit each assessed parcel in the District. No improvements, activities, or services will be provided outside of the District’s

boundaries.

G. UNCOLLECTED ASSESSMENT RESERVE

The purpose of the Uncollected Assessment Reserve is to provide an accounting cushion for the revenue shortfall that might be created in any particular year for assessments that are not paid timely through the County of Los Angeles. This is a temporary reserve that has been established to offset such temporary revenue shortfalls. Use of these funds is incurred only when associated with the provision of improvements, activities, and services that specially and individually benefit each assessed parcel in the District. No improvements, activities, or services will be provided outside of the District's boundaries.

INSERT BUDGET SERVICE PLAN
(Page 1)

IV. PROPOSED MANAGEMENT DISTRICT ASSESSMENT FORMULA

Revenues to fund District Service Plan costs will be generated by an annual special assessment against each parcel in the District. The amount of the special assessment against each parcel reflects the relative special benefit that parcel will derive from District services.

The annual rate of the assessment will be \$0.0612 per square foot of lot size for parcels fronting on Sepulveda Boulevard and \$0.0306 per square foot of lot size for parcels fronting on other streets; \$0.0900 per square foot of improvement for parcels fronting on Sepulveda Boulevard and \$0.0450 per square foot of improvement for parcels fronting on other streets; \$7.5742 per linear foot of street frontage on Sepulveda Boulevard, \$3.7871 per linear foot of street frontage on other streets. Because District services (i.e. maintenance and patrols) will not be provided on Lincoln Boulevard or west of Sepulveda Westway, no street frontage located on Lincoln Boulevard or west of Sepulveda Westway (aside from that actually located on Sepulveda Westway) will be counted as frontage for the purpose of this formula. Assessment rates will be adjusted annually according to the change in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

These assessment rates were designed so that one-third (33.33%) of the total assessment will be based on lot size, one-third (33.33%) will be based on improvement size, and one-third (33.33%) based on street frontage. These three factors, taken together, better reflect the benefits derived by different types of land uses and parcels than would any single factor. The differential rates for lot size, improvement size, and frontage on different streets reflects the fact that Sepulveda Boulevard is the pedestrian hub of the area, so a parcel with frontage on this street derives a higher level of benefit than does a parcel with similar frontage on another street in the District. Simply put, Sepulveda Boulevard is more heavily trafficked by pedestrians and other traffic than other streets in the District, can be expected to require more attention from ambassadors, sanitation, and maintenance staff in order to maintain consistent conditions throughout the District. Furthermore, a higher density of improvements and amenities can be expected to be installed and maintained along Sepulveda. While all properties throughout the District (except as specified later in this Section) can be expected to benefit from all activities throughout the District, clearly parcels that front directly on the locus of District activities will derive greater benefit by virtue of proximity. Furthermore, as a general matter, parcels located along Sepulveda are generally tenanted by businesses that depend on visibility (and signage facing Sepulveda) to attract customers. Such businesses, as compared to smaller, less prominent businesses that attract customers largely by word of mouth, benefit more intensely from being located in a clean, safe, attractive, well-managed neighborhood that is inviting to new customers. Please see the Engineer's Report for additional detail.

Assessment rates will be adjusted annually to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

Fenced vacant lots, including lots that may be used for parking, will be assessed only on the basis of street frontage. For purposes of this paragraph, a “fenced vacant lot” is a parcel meeting all of the following criteria: (i) the parcel has no permanent improvement square footage and (ii) the parcel is fenced from public access from within the District. This recognizes that fenced vacant lots, which typically are entirely unused or used solely for storage or parking purposes are: (i) uniquely low density uses; (ii) that do not benefit from the ability of the commercial area to attract customers or from marketing & promotion and new business attraction services; but, (iii) do benefit from the direct delivery of maintenance and sanitation services along their perimeter.

Parcels accessible from within the District and used exclusively for long term airport parking will be assessed only on the basis of parcel square footage and street frontage. This recognizes: (i) that long term airport parking is a uniquely low density use (i.e. very few customers are on-site at any one-time despite the very large size of the parking structure improvement); and, (ii) that long-term airport parking (unlike other parking facilities accessible from within the District) is a not ancillary to land uses in the District (i.e. customers of a long-term airport parking business are typically shuttled directly between their cars and airport locations outside of the District).

Multifamily Residential parcels that are actually developed with multifamily dwellings will be assessed at a rate that is 81% of the rate that is otherwise assessed. This assessment reflects that (i) the planned marketing & promotion efforts are geared towards attracting new commercial tenants, businesses, and customers to the District, rather than attracting residential tenants and (ii) residential uses in the District actually serve to complement the marketing & promotion efforts by increasing the number of people, present on the District during various times, who will patronize local businesses. Therefore, they are not assessed a share of the 19% of the District's budget that is allocated to marketing & promotion or new business attraction services.

Parcels used as open or green space that is accessible during daytime hours at no charge will be assessed at a rate that is 81% of the rate that would otherwise be assessed. This assessment reflects that such parcels are themselves used by customers, employees, visitors, property owners, and tenants of the District, and do not benefit from marketing and promotions or new business attraction activities. Therefore, they are not assessed a share of the 19% of the District's budget that is allocated to marketing & promotion or new business attraction services.

A list of the parcels to be included in the District is provided in Appendix 1 of this document. The Engineer's Report provides a full database including the proposed 2011 assessments for each parcel included within the District.

For a more complete description of the methodology used to determine these rates, please refer to the Engineer's Report for the District, which is incorporated herein by reference, and included in Appendix 2 of this document.

During the ten-year renewal effective term of the District, it is likely that some of the improvements on some parcels within the District will change, will be developed with additional commercial improvements, or will see the demolition of existing improvements. The assessment against each parcel for any year will be based on the improvements actually present on the parcel at the beginning of that year. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in the Engineer's Report (see Step 5 on Page ER-13). Pursuant to Government Code Section 53750(h)(3), a change in the assessment against a parcel that results solely from changes to the parcel does not constitute an assessment "increase" requiring the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula itself is changed.

V. CONTINUATION OF CITY SERVICES / CITYWIDE BASE LEVELS of SERVICE

The base line services of the City of Los Angeles are not affected by the District's improvements, activities and services, which are only supplemental in nature to those services. The Westchester Town Center is being renewed to provide enhanced or otherwise unavailable improvements, activities, and services for each individual assessed parcel located within the boundaries of the District.

VI. PUBLICLY OWNED PARCELS

The State Law requires that all publicly owned parcels within the District be assessed as any other similarly situated private parcel unless the affected public agency demonstrates by clear and convincing evidence that those publicly owned parcels, in fact, receive no special benefit. The publicly owned parcels and their respective annualized assessment amounts for 2012 are shown below:

**CITY of LOS ANGELES PARCELS
(LOS ANGELES WORLD AIRPORTS)**

	APN #	Address	Owner	Total PBID Assessment	%
1	4122-022-928	N/A per Assessor Data	LA City	\$3,302.33	1.09%
2	4122-023-917	N/A per Assessor Data	LA City	\$1,571.64	0.52%
3	4122-024-918	N/A per Assessor Data	LA City	\$4,280.09	1.42%
4	4124-002-916	N/A per Assessor Data	LA City	\$1,870.82	0.62%
		City of Los Angeles (3.65% of total assessments)	Sub Total	\$11,024.88	

Each of the publicly owned parcels is either a “fenced vacant lot parcel” or a “open or green space”. Like any fenced vacant lot parcel, the publicly-owned fenced vacant lot parcels are assessed solely on the basis of frontage. This assessment reflects, among other things, that “fenced vacant lot parcels” do not benefit from marketing & promotion or new business attraction services. Open or green space parcels are, as noted earlier in this Plan, assessed at a rate that reflects that such parcels do not benefit from marketing & promotion or new business attraction services.

See the Engineer’s Report for additional information about the publicly owned parcels.

VII. PROPOSED IMPLEMENTATION TIMETABLE

The following timetable is proposed for the Westchester Town Center business improvement district renewal:

<u>DATE</u>	<u>ACTIVITY</u>
November 2010	1 st draft Management District Plan / Engineer's Report.
November 2010	Approval of all assessment data by City Clerk's Office.
December 2010	1 st draft Management District Plan / Engineer's Report to City Clerk's Office.
February 2011	Management District Plan / Engineer's Report revisions with City Clerk's Office
May 2011	Petitions circulated to all property owners.
May 2011	Petitions submitted to City Clerk's Office & City Council.
June 2011	City Council adoption of Ordinance of Intention to Form BID.
June 2011	Proposition 218 ballot election.
July 2011	Final City Council hearing and ballot counting.
July 2011	First reading of Ordinance Establishing PBID.
July 2011	Approval of new City Contract for BID administration. City Clerk initiates PBID assessment collection process for initial year.
December 2011	Original BID ceases operations.
January 2012	Renewed BID begins program of operations.

As provided by State Law, the new Westchester Town Center business improvement district will have a set term. The District's term will be January 1, 2012 through December 31, 2021. At the end of that period, the District may be renewed as permitted by State Law. If the District is not renewed or is otherwise terminated for any reason, all

unexpended assessment funds will be returned to property owners as required by State Law following the removal of all District improvements and property from the public right of way as described Service Plan Budget section of this Management District Plan.

VIII. DISTRICT GOVERNANCE

State Law establishes a framework for District governance with City Council oversight and local, private sector management as described below:

A. Owner's Association

The City will enter into a contract with a private, non-profit entity designated as an “owner’s association” to administer and implement improvements, activities, and services described in the Management District Plan. The owner’s association may be an existing or newly formed nonprofit entity. The owner’s association will be a private entity, governed by a Board of Directors and created pursuant to its adopted Bylaws. Notwithstanding this, the owner’s association will observe the requirements of the Ralph M. Brown Act that establishes standards for public meetings and the California Public Records Act that establishes standards for maintaining public records concerning District operations. Among its other responsibilities, the Owner’s Association will prepare an annual report with respect to District operations as required by Section 36650 of the State Law.

B. Professional Staff

The Board of Directors of the owner’s association will employ an Executive Director whose duty it is to implement all of the improvements, services, and activities; and, to supervise all subordinate District staff on a day-to-day basis. The Executive Director is responsible to the Board of Directors through their policy direction and budgets.

C. Staff Neutrality

The professional staff is charged by the Board of Directors with a mission of performing administrative functions in the most efficient and effective manner possible. At times, District assessment payers may have conflicting needs or desires that may be dependent upon a staff choice or decision. In such circumstances, if the Board of Directors has not clearly provided direction, staff should refer such choices to the Board of Directors for decision.

Appendix 1:
District Parcel List

Appendix 2:
Proposition 218 Engineer's Report